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TRADE

Tokyo Round of the Multilateral Trade Negotiations

Concessions and Contributions

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Memorandum of Understanding
Between the
UNITED STATES OF AMERICA
and INDONESIA

Signed at Jakarta November 29, 1979

with

Exchange of Letters
Signed at Jakarta December 20 and 27, 1979

and

Related Letter
Signed at Washington February 21, 1980

READEX FICHE

S9.10:

NOTE BY THE DEPARTMENT OF STATE

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INDONESIA

Trade: Tokyo Round of the Multilateral Trade Negotiations—Concessions and Contributions

Memorandum of understanding signed at Jakarta November 29, 1979;
With exchange of letters
Signed at Jakarta December 20 and 27, 1979;
Entered into force January 1, 1980.
With related letter
Signed at Washington February 21, 1980.

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA ON THE MULTILATERAL TRADE NEGOTIATIONS

1. This memorandum sets forth the mutual trade concessions and contributions to the Multilateral Trade Negotiations agreed to by the Government of the United States of America and the Government of the Republic of Indonesia. Implementation of this understanding is dependent on the contingencies set forth in the following paragraphs.

2. In accordance with the provisions of paragraph five of the Tokyo Declaration,[1] Indonesia is prepared to make contributions to the Multilateral Trade Negotiations. In this regard, Indonesia notes that tariff reductions on a large number of items have been made in 1978 and in 1979.

(a) Indonesia is prepared to reduce and bind or bind the tariffs as specified in the offers column on the following items requested by the United States :

		Current Duty	Offer
ex 02.02	Frozen Turkeys	40%	40%
07.04.20	Dried, dehydrated or evaporated onions, whole, cut, sliced, broken or in powder but not further prepared	60%	60%
07.04.30	Dried, dehydrated or evaporated garlic in powder form	60%	60%
07.05.20	Dried peas, shelled, whether or not skinned or split	60%	60%
07.05.90	Other dried leguminous vegetables, shelled, whether or not skinned or split	60%	60%

[1] Dated Sept. 14, 1973. *Department of State Bulletin*, Oct. 8, 1973, p. 450.

08.02.90	Other citrus fruit, fresh or dried	Rp. 340,-/Kg.	60%
08.04.10	Fresh grapes	Rp. 340,-/Kg.	60%
08.04.20	Dried grapes	Rp. 340,-/Kg.	60%
11.01.90	Other cereal flour	5%	10%
15.07.05	Soybean oil	40%	40%
ex 16.02.90	Canned Turkeys	Rp.1,500,-/Kg.	60%
21.07.90	Vegetable proteins	50%	50%
39.07.90	Other articles of plastic material (sheer slit film)	60%	60%
84.18.69	Filtering machinery	30%	30%
84.06	Internal Combustion engines (CKD) over 1000 BHP but not over 1500 BHP:	10%	10%
84.06.10	for aircraft		
84.06.20	for tractors		
ex 88.03.00	Parts of aircraft: radar of aircraft	10% (suspended)	10%

(b) Indonesia has implemented tariff reductions on the following items requested by the United States as indicated:

		Current Duty	Offer
11.01.10	Cereal flour of wheat	5% (suspended)	Free
ex 28.30.20	Calcium chloride	15%	2.5%
29.35.90	Caprolactam	20%	2.5%
ex 29.04.90	Ethylene Glycol	20%	10%
30.03.40	Veterinary medicament	40%	5%
ex 35.04.00	Protein isolates	30%	10%
38.17.00	Preparation for fire extinguisher	20%	2.5%
40.11.80	Tires and tubes for airplanes	Rp.100,-/Kg	Free
68.14.00	Friction material of asbestos	30%	5%
82.05.00	Interchangeable tools	30%	15%
87.01.39	Non-agricultural tractors (CKD)	10%	5%

3. The United States is prepared to reduce and bind the tariff rates on the following items:

		Current Duty	Offer
148.98	Prepared or preserved pineapples	0.75 cent/lb	0.25 cent/lb
161.43	Mace, bombay or wild, unground	9 cent/lb	Free
161.65	Nutmeg, ground	1.5 cent/lb	Free
176.33	Palm kernel oil, edible	0.5 cent/lb	Free
176.34	Palm oil, other than for use in the manufacture of iron or steel products, or for use of tin plates	3 cent/lb	0.5 cent/lb
ex 182.98	Shrimp chips	10 %	4 %
206.50	Wood handles, broom & mop 3/4 inch or more in diameter and 38 inches or more in length	4 %	Free
222.30	Woven or partly assembled material of unspun fibrous vegetable material of one or more of the materials bamboo, rattan or willow	14 %	7 %
222.44	Basket and rug, of unspun fibrous vegetable material, whether lined or not lined, other	8.5%	4.5%
222.64	Articles not specifically provided for, of unspun fibrous vegetable material, other	5 %	3 %
274.35	Paper and paperboard labels not printed	6 %	4.2%
366.46	Certain cotton tablecloths	9%	5.5%
366.77	Other plain woven cotton furnishing, nes	15%	7.2%
386.50	Men, boys cotton shoe uppers, not knitted, not ornamented	14 %	7 %
452.80	Other essential oils, excluding nutmeg oil, nspf	3 %	2.5%

ex 452.80	Nutmeg oil	3%	Free
687.58.31) 687.58.36) 687.58.37) 687.58.39) 687.58.43) 687.58.53) 687.58.81) 687.58.83)	Various integrated circuits and parts of semi-conductors	6%	4.2%
702.35	Headwear, Palm leaf or pandan and not over $3 per dozen	6.25%	2.5%
ex numerous	Hand painted batik (subject to whether a determination can be made to distinguish between hand painted and machine-painted batik, and if so, the adoption of mutually satisfactory certification system by Indonesia)	p.m.	p.m.
ex	Cloves cigarettes (subject to 60% tariff reduction, pending determination of classification)		

4. In addition, the United States is prepared to maintain and possibly improve the following offers depending on results of negotiations with other delegations:

		Current Duty	Offer
161.84	Pepper, capsicum	5.6%	pending
703.75	Other headwear	8.5%	pending
ex 188.50	Turpentine, gum & spirits of, and resin, other	5 %	pending

5. The United States of America notes that all the United States tariff reductions mentioned above will be bound and that the offer contained in paragraph 3 above will result in tariff rates of zero on those items for which Indonesia is a principal supplier to the United States (161.43, 161.65 and 702.35), with the exception of 702.35 which would be subject to a tariff of 2.5%.

6. Indonesia takes account of other tariff reductions offered by the United States of America with respect to 28 of the 36 items requested by Indonesia in the context of the Tropical Products negotiations in the MTN, including the implementation of the tariff reduction on 106.60 - frogs, fresh, chilled or frozen from 2.5% ad valorem to zero as of 1 October 1978. Furthermore, Indonesia takes account of other tariff reductions offered by the United States of America on 90 items requested by Indonesia, including 32 items on which the U.S. has offered the maximum reduction possible in accordance with U.S. statutory authority.

7. Non-tariff Measures. Both Indonesia and the United States of America agree to inform each other of modifications in their customs formalities. Indonesia agrees to eliminate the differential aspect of the registration fee for all processed food and drink items as of January 1, 1981. Indonesia notes that the sales tax assessed on imports is not greater than the sales tax assessed on domestically produced items.

8. This Memorandum of Understanding has been exchanged by the Government of the United States and the Government of the Republic of Indonesia at Jakarta on November 29, 1979.

FOR THE GOVERNMENT OF THE
REPUBLIC OF INDONESIA

RADIUS PRAWIRO
Minister of Trade and
Cooperatives

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA

EDWARD E. MASTERS
Ambassador

[EXCHANGE OF LETTERS]

JAKARTA, INDONESIA

December 20, 1979

Darry Salim
Director for International
Trade Relations
Department of Trade
Jl. Abdul Muis 87
Jakarta, Indonesia

Dear Mr. Salim:

I have the honor to refer to the U.S.-Indonesian Memorandum of Understanding on the Multilateral Trade Negotiations.

I have been informed that the U.S. International Trade Commission views as inadequate the "p.m." designation under current and offered duties on hand painted batik. In order to preserve the Presidential authority to institute reduction on batik of the order of magnitude envisaged after January 3, 1980, it is necessary to include a specific figure.

Therefore, I am requesting your agreement to amend the text of the Memorandum of Understanding signed November 29, 1979. Such amendment would consist of the deletion of the phrase, repeated twice, quote p.m. unquote following the item ex numerous—hand painted batik and the insertion of the phrase quote subject to 50 percent tariff reduction unquote. Accordingly, the item would now read quote ex numerous—hand painted batik (subject to 50 percent tariff reduction and subject to whether a determination can be made to distinguish between hand painted and machine painted batik, and, if so, the adoption of a mutually satisfactory certification system by Indonesia).

In order to meet the U.S. statutory deadline I will need to receive your response as soon as possible but in no event no later than December 30, 1979.

Sincerely,
HENRY BARDACH

Henry Bardach
Counselor for Economic
and Commercial Affairs

cc: Mr. Taihitu, DEPLU

REPUBLIK INDONESIA
DEPARTEMEN PERDAGANGAN DAN KOPERASI
Jalan Abdul Muis No. 87, JAKARTA, Telepon 376208

Nomor : 989/1Hlw/XII/79
Lampiran :
Perihal :

Jakarta, December 27, 1979

Mr. Henry Bardach
Counselor for Economic and
Commercial Affairs
The Embassy of the United
States of America
Jalan Merdeka Selatan 5
Jakarta

Dear Mr.Bardach,

I have the honor to refer to the US - Indonesian Memorandum of Understanding on the Multilateral Trade Negotiations (MTN).
I understand that in order for your Government to retain its statutory authority to reduce tariffs on hand-painted batiks of interest to Indonesia it is necessary to amend the text of that Memorandum of Understanding. Such amendment would consist of the deletion of the phrase p.m. following the item ex numerous - hand painted batiks and the insertion of the phrase subject to 50 percent tariff reduction .
Accordingly , the item would now read : ex numerous - hand painted batiks (subject to 50 percent tariff reduction and subject to whether a determination can be made to distinguish between hand-painted and machine-painted batik, and, if so, the adoption of a mutually satisfactory certification system by Indonesia).

I further have the honor to inform you that such an amendment is acceptable to my Government.

Thank you for your kind attention,

Sincerely yours,

[SEAL]

Darry Salim
Director for External Trade
Relations
Department of Trade and
Cooperatives.

Cc. Director General of Foreign Trade.

[RELATED LETTER]

OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

February 21, 1980

His Excellency
D. Ashari
Ambassador of the
Embassy of the Republic
of Indonesia
2020 Massachusetts Avenue, N.W.
Washington, D.C. 20036

Dear Mr. Ambassador:

I refer to the Memorandum of Understanding between our two Governments on the Multilateral Trade Negotiations, signed November 29, 1979, and to the exchange of notes of December 20 and 27, 1979 relating to that Memorandum.

In order to comply with certain technical legal requirements, the United States intends to treat these documents as an agreement between our two Governments as contracting parties to GATT, effective January 1, 1980 when Schedule XX (United States) to the Geneva (1979) Protocol and Schedule XXI (Indonesia) to the Supplementary Protocol [1] both became schedules to GATT.

Some of the tariff provisions in the bilateral agreement have been superseded by these two schedules to GATT. It is intended that the United States commitments in the November and December documents which are not already in Schedule XX will be made a part thereof by the GATT certification procedure. The United States also intends to notify the November Memorandum to the GATT Secretariat.

Sincerely,

Robert C. Cassidy, Jr.
General Counsel

[1] TIAS 9629, 10559; 31 UST 1015; 34 UST.

GPO: 1985 49-151 (12800)